



EUROPEAN CENTRAL BANK

EUROSYSTEM

Summary of collected inputs from ERPB members

Fraud detection and
prevention

4 July 2023

Digital euro project team



1. Does ERPB share the view from the functional analysis, with a role for a central fraud support service (CSS)?

ERPB members supported the analysis done on fraud detection and prevention in the digital euro and endorsed the orientation taken by the HLTF-CBDC.

Particularly, ERPB members:

- Expressed **large support for Option 3 to ensure a safe and secure digital euro** - meaning to perform monitoring and risk scoring of transactions at a CSS in real-time.
- Noted the preference that fraud detection and prevention function to be **in place sooner rather than later**, if possible, to avoid giving a “window of opportunity” to fraudsters.
- See the need to **provide legal clarity on roles and responsibilities**, e.g., reimbursements, rights, responsibilities of the payer and the payee. Responsibilities should be clarified in the rulebook.
- Search for consistent with the **next version of the Payment Service Directive**.

2. What is ERPB view on potential opportunity for PSPs to combine (specific) digital € fraud case information, with the PSP's (general) fraud profiles obtained from fraud monitoring of all other payment methods supported by the PSP?

Particularly, ERPB members:

- Emphasize the potential of **PSPs to leverage their expertise, experience, software and databases** built over the decades for understanding and preventing fraud-related dynamics
- See the **benefits when applying a Central Support Service** as in the current infrastructure, PSPs are severely hindered in sharing fraud information across industries.
- Noted the introduction of an **IBAN name check** for instant payments via the **SEPA regulation**,
- Would prefer that fraud prevention measures are improved regularly and therefore enforcement measures should **also be reported from the PSP towards the CSS**, not only the other way round.

3. Would ERPB have any suggestions to complement the fraud prevention approach?

Particularly, ERPB members noted:

- Key activities should include **education of citizens of how Digital Euro can reduce fraud**
- Identified **vulnerable groups of consumers should be informed through regular and easy-to-understand communication** about fraud risks and how to avoid them, and easy tools for consumers to report fraud and block their D€ account/digital euro card
- Note that it would be useful to **exploit the experience accumulated in other new payment schemes**, in which there have been peaks of fraudulent phenomena.
- That a **regular fraud health check for each participating intermediary** could be taken into consideration

Thank you!